

## 3.0 Funding for Airport Projects

The Virginia Aviation Board has determined that state funding should be expended on specified elements of airport planning and development projects. State funding should be allocated to sponsors who meet requirements established by the *Virginia Aviation Regulations* or board policy. It is VAB policy to allocate funding for airport improvements in order to:

- meet regulatory and policy obligations
- maximize benefits to the public
- improve access to airports

### 3.1 State Aviation Funding Resources

The Commonwealth Airport Fund and the Aviation Special Fund provide the financial resources for the programs established and administered by the VAB and the Virginia Department of Aviation.

#### 3.1.1 Commonwealth Airport Fund

The Commonwealth Airport Fund (CAF) receives its revenue from an annual allocation made by the Commonwealth Transportation Board to the Virginia Aviation Board. The *Code of Virginia* specifies that CAF resources shall be allocated to airports on the basis of their service role as identified in the *Virginia Air Transportation System Plan (VATSP)*. Entitlement and discretionary funds are made available from the CAF and are used under the Airport Capital Program.

**3.1.1.1 State Entitlement Funds** From the CAF, state entitlement funds are allocated annually to sponsors of airports that have scheduled air carrier service in accordance with *Code of Virginia* §58.1-638.A3. This allocation is based on each airport's enplanements as a percentage of all air carrier airport enplanements within the state during the previous calendar year. *Code of Virginia* §58.1-638.A3a specifies that no air carrier airport shall receive less than \$50,000 or more than \$2 million per fiscal year in state entitlement funds.

Sponsors eligible for state entitlement funds must submit a *Commonwealth Airport Fund Entitlement Utilization Report* for VAB approval each year. These reports provide an annual accounting of the previous fiscal year's state entitlement fund expenditures. Utilization reports must be filed within 30 days after the close of the fiscal year. DOAV reviews the reports and makes recommendations to the VAB. Following VAB action on the reports, DOAV will notify sponsors of the VAB's decisions regarding the utilization reports.

When an air carrier airport sponsor has unobligated state entitlement funds at the end of a fiscal year, the unobligated funds are added to the balance of state entitlement funds awarded to the sponsor for the following fiscal year.

**3.1.1.2 State Discretionary Funds** *Code of Virginia* §58.1-638.A3 directs the VAB to allocate funds to air carrier, reliever, and general aviation airports on a discretionary basis. These funds are known as discretionary funds.

**3.1.1.3 Air Carrier Utilization of State Entitlement and Discretionary Funds** It is the expressed intent of the VAB that an air carrier airport sponsor totally obligates its state entitlement funds prior to that sponsor receiving any state discretionary fund allocations. These funds include unexpended state entitlement funds from previous fiscal years, interest earned on state entitlement funds, and passenger facility charges used to reimburse state entitlement fund accounts.

DOAV encourages sponsors to use other available federal, state, and local funding options, such as passenger facility charges, before applying for state discretionary funds. If a sponsor of an air carrier airport needs state discretionary funds to meet capital needs, the sponsor must submit to DOAV a six-year Airport Capital Improvement Plan denoting how the state entitlement and discretionary funds will be used.

The sponsor determines the expenditure of state entitlement funds; however, it is the VAB's intent that these funds be used as the state's share of costs for eligible federally funded projects. As the VAB approves state entitlement utilization reports each fiscal year, the VAB's actions regarding the expenditure and commitment of an airport's state entitlement funds will be used by DOAV as a basis for recommendations to approve or disapprove allocations of state discretionary funds for eligible projects.

### **3.1.2 Aviation Special Fund**

The Aviation Special Fund (ASF) is used for facilities and equipment, maintenance, general aviation security, aviation promotion, and air service development programs. Under *Code of Virginia* §5.1-52, taxes on aviation fuel and fees for licensing airports and aircraft are revenue sources for the ASF.

## **3.2 Federal Aviation Funding Resources**

Federal funding allocations are based on an airport's inclusion and service role in the National Plan of Integrated Airport Systems (NPIAS) developed by the Federal Aviation Administration. Like the state aviation funding resources, federal entitlement and discretionary funds are available to eligible sponsors.

*Code of Virginia* §5.1-47 requires airport sponsors to submit a copy of their federal six-year plans and project applications to DOAV for approval prior to submitting the plans and applications to FAA.

### 3.3 Utilization of State and Federal Funding Resources

The VAB and DOAV strongly encourage eligible sponsors to maximize the availability and use of federal funding by maintaining a current federal six-year capital improvement plan and applying for federal funding for eligible projects. The General Assembly's *Appropriations Act* specifies that it is legislative intent for DOAV to match federal funds to the maximum extent possible.

DOAV may participate in the funding of a project with an airport sponsor either as part of a federally funded project or a state funded project. For most federally funded projects, DOAV and the sponsor will each fund a share of eligible costs not covered by the federal participation. DOAV's funding portion is 60 percent of the non-federal share when state discretionary funds are involved. For most state funded projects, DOAV and the sponsor will each fund a share of eligible costs. State participation percentages are based on the type of project undertaken and the state funding program used for the project. For example, DOAV may participate in a site preparation construction project at a rate of 80 percent and a general aviation security sign installation project at a rate of 90 percent.

Airport sponsors should carefully consider available state and federal funding programs and identify the best funding resources that fit their *VATSP* service roles and individual airport needs. Table 1 gives an overview of which state and federal funding programs are available to sponsors, based on airport roles within the state and federal airport systems.

Table 1  
Funding Program Eligibility Based on Airport Role

Funding Programs	Airport Role				
	Air Carrier	Reliever	General Aviation (NPIAS)	General Aviation (non-NPIAS)	General Aviation (non-NPIAS) Local Service
Federal Primary Entitlement	X				
Federal Non-primary Entitlement		X	X		
Federal Discretionary	X	X	X		
State Entitlement	X				
State Discretionary	X	X	X	X	limited*
Facilities and Equipment	X	X	X	X	limited*
Voluntary Security		X	X	X	X
Maintenance	X	X	X	X	X

\*Local service general aviation airports are eligible only for safety and preservation projects under the State Discretionary Program and the Facilities and Equipment Program.

**3.4 Utilization of Insurance Resources**

If a sponsor is applying for funding to rebuild or repair facilities or equipment covered by insurance, state participation would be 80 percent of either the sponsor's deductible or the uninsured amount, whichever is less. When requesting funding relating to an insured facility or piece of equipment, sponsors need to provide DOAV with supporting documentation that must include a written response from the insurer detailing what work and equipment is covered, or, if the insurer declines a sponsor's request, why the insurance is not covering the needed work or equipment.

**3.5 Disposal of Property Acquired with State Resources**

Sponsors may no longer need property originally acquired with state funds to meet their aeronautical and operating needs. Examples of this property are land, maintenance equipment, and loading bridges. If a sponsor disposes of such property and receives a payment from the sale of the property, the sponsor must reimburse the state with a percentage of the selling price. That percentage must match the state's participation rate in the grant agreement for the property.

When a sponsor transfers property to another Virginia airport that has a need and the sponsor receives compensation, the sponsor must provide DOAV with 50 percent of the value of the compensation within 30 days of its receipt.

When a sponsor uses a piece of equipment as a trade-in towards the purchase of new equipment, the credit given by the vendor must be applied to the state's share of the purchase. The percentage applied to the state's share must match the state's participation rate in the purchase of the original equipment.